

Message Text

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DRAFTED BY EB/TCA/MA:CTAYLOR,JR.:BST

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L/EB;JRCROOK

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FMC:WJSMITH

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TO USMISSION EC BRUSSELS

AMEMBASSY BERN

INFO AMEMBASSY BONN

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E.O. 11652: N/A

TAGS: EWWT, EEC

SUBJECT: EC/SWISS SCHEME FOR LAYING UP INLAND WATERWAY

BARGES

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REF: A) EC BRUSSELS 7731, AUGUST 6, 1976;

B) 7' STATE 64138

1. USEC BRUSSELS REQUESTED TO TRANSMIT FOLLOWING NOTE TO COMMISSION. AMEMBASSY BERN REQUESTED TO TRANSMIT SAME NOTE, MINUS PARA (I) AND SUBSTITUTING 'GOVERNMENT OF SWISS CONFEDERATION' FOR "COMMISSION OF THE EUROPEAN COMMUNITIES" IN PARA (A).

0EGIN TEXT.

(A) THE UNITED STATES GOVERNMENT WISHES TO EXPRESS ITS CONCERN TO THE COMMISSION OF THE EUROPEAN COMMUNITIES OVER CERTAIN PROVISIONS OF THE PROPOSED "AGREEMENT ESTABLISHING A EUROPEAN LAYING-UP FUND FOR INLAND WATERWAY VESSELS", WHICH THE COMMISSION PUBLISHED ON JULY 21, 1976 (COM(76) 410) AND SUBMITTED TO THE COUNCIL OF EUROPE.

(B) THE UNITED STATES GOVERNMENT IS CONCERNED THAT THE PROPOSED AGREEMENT WOULD TAX SHIP-BORNE BARGES TO SUPPORT THE ALLEVIATION OF THE ECONOMIC PROBLEMS OF THE INTRA-REGIONAL EUROPEAN BARGE INDUSTRY. THE UNITED STATES GOVERNMENT BELIEVES THAT A DISTINCTION SHOULD BE MADE BETWEEN CONVENTIONAL INTRA-REGIONAL BARGES CONFINED SOLELY TO EUROPEAN INLAND WATERWAYS AND PORT AREAS AND SPECIALLY DESIGNED SHIP-BORNE BARGES WHICH ARE AN INTEGRAL ELEMENT OF AN INNOVATIVE INTERNATIONAL OCEAN TRANSPORT SYSTEM.

(C) SUCH SHIP-BORNE BARGES ARE DESIGNED TO BE USED IN INTER-REGIONAL TRADE. THESE EXPENSIVE, SYSTEM-DESIGNED BARGES ARE NOT MEANT TO BE, AND ARE NOT, USED FOR MOVEMENTS IN POINT-TO-POINT INTRA-REGIONAL TRADE. FURTHERMORE, ANY SUCH USE OF SHIP-BORNE BARGES IN INTRA-REGIONAL TRADE WOULD REDUCE THE EFFICIENCY OF THE MOTHER SHIP'S OPERATIONS AND DETRACT FROM ITS PRIMARY MISSION, INTER-REGIONAL TRADE.

(D) ON THE CONTRARY, SHIP-BORNE BARGE OPERATIONS OFFER EUROPEAN PUSH-BARGE OPERATORS A NEW SOURCE OF REVENUE, SINCE IN THE ABSENCE OF SHIP-BORNE BARGE SERVICE, UNITED STATES FOREIGN COMMERCE MOVEMENTS BETWEEN EUROPEAN SEAPORTS LIMITED OFFICIAL USE

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AND INLAND POINTS COULD BE EXPECTED TO MOVE IN LARGE PART BY RAIL AND ROAD.

(E) FURTHERMORE, THE UNITED STATES GOVERNMENT BELIEVES THAT IT WOULD BE INEQUITABLE AND INAPPROPRIATE TO LEVY THESE SPECIAL CONTRIBUTIONS ON SHIP-BORNE BARGES WHICH ARE PART OF AN OCEAN TRANSPORT SYSTEM, WHEN SELF-PROPELLED SEA-GOING VESSELS CONDUCTING INTERNATIONAL COMMERCE ON

EUROPEAN COMMUNITY AND SWISS WATERS WOULD, UNDER ARTICLE 7(1)(B) OF THE PROPOSED STATUTE OF THE EUROPEAN LAYING-UP FUND FOR INLAND WATERWAY VESSELS, BE EXEMPT FROM SUCH PAYMENTS.

(F) THE UNITED STATES GOVERNMENT IS CONCERNED SPECIFICALLY BY THE FOLLOWING PROVISIONS OF THE PROPOSED STATUTE OF THE EUROPEAN LAYING-UP FUND FOR INLAND WATERWAY VESSELS: ARTICLE 6A(C), WHICH MAKES THE STATUTE APPLICABLE TO SHIP-BORNE LIGHTERS; ARTICLE 7(1)(A), WHICH EXEMPTS ONLY VESSELS UNDER 400 METRIC TONS (AND FOR AN INITIAL PERIOD, ONLY UNDER 300 METRIC TONS) FROM PAYMENTS; AND ARTICLE 10(2), WHICH ESTABLISHES CONTRIBUTION RATES FOR SHIP-BORNE LIGHTERS AT APPROXIMATELY THE SAME LEVEL AS THOSE FOR CONVENTIONAL NON-SELF-PROPELLED BARGES. TAKEN TOGETHER, THESE PROVISIONS WOULD UNFAIRLY DISADVANTAGE SHIP-BORNE BARGE OPERATORS. ARTICLE 7(1)(A), AFTER THE RAISING OF THE EXEMPTION FROM 300 TO 400 METRIC TONS, WOULD HAVE AN ADDITIONAL DISCRIMINATORY EFFECT, IN THAT CERTAIN OPERATORS USING SMALLER SHIP-BORNE BARGES WOULD BE EXEMPT WHILE OTHER OPERATORS (IN PARTICULAR, AMERICAN OPERATORS OF THE LARGER "SEABEE" BARGES) WOULD STILL BE SUBJECT TO THE SPECIAL CONTRIBUTIONS.

(G) IN VIEW OF THE DISCRIMINATORY EFFECT AGAINST A FORM OF OCEAN SHIPPING WHICH ARTICLES 6A(C), 7(1)(A) AND 10(2) WOULD HAVE, THE UNITED STATES GOVERNMENT HOPES THAT, SHOULD THE PROPOSED STATUTE COME INTO FORCE IN ITS PRESENT FORM, THE SUPERVISORY BOARD WILL TAKE PROMPT ACTION, AS PROVIDED IN ARTICLE 7(2), TO MODIFY THE TONNAGE LIMITS SO AS TO EXEMPT ALL SHIP-BORNE BARGES.

(H) IN CONCLUSION, THE UNITED STATES GOVERNMENT WOULD LIKE TO EMPHASIZE THAT THE UNITED STATES DOES NOT IMPOSE ANY LIMITED OFFICIAL USE

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UNREASONABLE OR DISCRIMINATORY CHARGES ON FOREIGN-REGISTERED SHIP-BORNE BARGES OPERATING IN FOREIGN TRADE IN UNITED STATES INLAND WATERWAYS. THE UNITED STATES GOVERNMENT BELIEVES THAT THE SPECIAL CONTRIBUTIONS WHICH THE PROPOSED AGREEMENT WOULD LEVY ON SHIP-BORNE BARGES WOULD SET AN UNFORTUNATE PRECEDENT FOR INTERNATIONAL SHIPPING.

(I) IT IS REQUESTED THAT THE VIEWS OF THE GOVERNMENT OF THE UNITED STATES BE CONVEYED TO THOSE MEMBERS OF THE EUROPEAN COMMUNITIES EXPECTED TO BECOME PARTIES TO THE PROPOSED AGREEMENT.

END TEXT.

2. SINCE USG OFFICIALS HAVE PREVIOUSLY DISCUSSED THIS QUESTION AT LENGTH WITH EEC OFFICIALS, THEY (AND SISS OFFICIALS) ARE WELL AWARE OF U.S. VIEWS. USEC AND EMBASSY BERN THEREFORE NEED NOT ACCOMPANY PRESENTATION OF NOTE WITH EXTENSIVE ORAL PRESENTATION.

3. IN ANY DISCUSSIONS WITH EEC AND SWISS OFFICIALS, HOWEVER, MISSION AND EMBASSY OFFICERS MAY DRAW ON ADDITIONAL BACKGROUND MATERIAL CONTAINED IN REF B BUT SHOULD NOT REFER TO POSSIBILITY OF RETALIATORY ACTION UNDER SECTION 19 OF MERCHANT MARINE ACT, 1920, MENTIONED IN PARA 6 OF REF B, OR UNDER 46 U.S.C. 121, 128 (SPECIAL TONNAGE TAX AND LIGHT MONEY). FYI. HILE USG WISHES TO PROTEST TAXATION OF SHIP-BORNE BARGES AS DISCRIMINATORY IN PRINCIPLE, IT APPEARS THAT ACTUAL FINANCIAL BURDEN ON U.S. CARRIERS IS LIKELY TO BE TOO SMALL TO JUSTIFY RETALIATORY ACTION. END FYI. KISSINGER

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